

**HEALTH SERVICES AND DEVELOPMENT AGENCY**  
**MINUTES**  
**APRIL 25, 2007**

**AGENCY MEMBERS PRESENT**

Koella, Carl, III, Chairman  
Gaither, Keith, designee for the TennCare Director  
Handorf, Charles, M.D.  
Jones, Clark  
Lammert, Gregory  
Morris, John, designee for the Commissioner of Commerce and Insurance  
Troy, Peggy  
Weaver, Faye, designee for the Comptroller of the Treasury

**AGENCY MEMBERS ABSENT**

Caldwell, Gene, M.D., Vice Chair  
Atchley, Bryan

**AGENCY STAFF PRESENT**

Hill, Melanie, Executive Director  
Bobbitt, Melissa, Administrative Services Assistant III  
Brogden, Reid, General Counsel  
Christoffersen, Jim, Deputy General Counsel  
Craighead, Alecia, Statistical Analyst III  
Farber, Mark, Assistant Executive Director  
Finchum, Rhonda, Office Manager  
Grimm, Jeff, Health Planner III  
Wells, Phil, Health Planner III

**GUESTS PRESENT**

Albers, Gary, Vice President, Soteria Imaging Services  
Beasley, Ken, CEO, OrthoMemphis, P.C.  
Bierly, John, M.D., Eye Surgery Center of Chattanooga, LLC  
Block, Jake, Associate Vice-Chair for Clinical Affairs, Vanderbilt Radiology & Radiological Sciences Department  
Bradford, John, Waller, Lansden, Dortch & Davis  
Brand, Bryan, President, Vanderbilt-Saint Thomas Imaging, GP and Vanderbilt Imaging Services  
Brawley, Carrie, Administrator, Behavioral Healthcare Center at Martin  
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry  
Brown, Chad, Vice President, Operations, Covenant Health Systems  
Brown, Dere, NHC  
Brown, Jeffrey, M.D., Knoxville Gastro Specialists  
Bundige, Jennifer, Esq., Farmer & Luna, PLLC  
Calendine, Chad, M.D., NOL, LLC d/b/a Premier Radiology  
Cobble, Emlyn J., Vice President, Covenant Health Systems  
Corritore, Danell, Department of Health  
Culp, Joe, Department of Health  
Day, Edwin, Consultant  
Dennen, Keith, Esq., Bone, McAllester, Norton, PLLC

Duncan, Bruce, NHC  
Dunphy, Sarah, BioImaging  
Elrod, Dan H., Esq., Miller & Martin  
Ettien, Joann, CEO, Women's Hospital, Centennial Medical Center  
Eve, David M., Vice President Technical Services, Soteria Imaging Services  
Fairchild, Christy, AmSurg  
Forkum, Randle, Earl Swensson Architects  
Frazier, Linda, Director of Radiology, Mountain States Health Alliance  
Garcia, Ruben, Jr., Ortho Tech/LPN, DH McCord, M.D., PC  
George, Diane, M.D., Vice Chief, Women's Hospital at Centennial  
Gooch, Warren, Esq., Kramer, Rayson  
Halsey, Laurie, Project Manager, Planning & Business Development, Covenant Health Systems  
Herndon, Nicole, Administrative Director, Women's Hospital, Centennial Medical Center  
Hill, Ronald, Vanderbilt University Medical Center  
Houchin, Barbara, St. Thomas Health System  
Ismail, M. Sami, M.D., Director of NICU, Middle Tennessee Neonatology Association  
Klosterman, Lance, M.D., Radiologist, Mountain States Health Alliance  
Landman, Jeff, M.D., Chairman, Vanderbilt-Saint Thomas Imaging, GP  
Lombardi, Salvatore J., M.D., Maternal Fetal Group  
Looney, Kim Harvey, Esq., Waller, Lansden, Dortch & Davis  
Mann, Daryl F., M.D., Eye Surgery Center of Chattanooga, LLC  
Maples, Arthur, Director Strategic Analysis, Baptist Memorial Health Care  
McCall, Scott W., M.D., Middle Tennessee Bone & Joint  
McCord, David, M.D.  
McMilan, David, Covenant Health Systems  
McNutt, Patti, Technical Manager, Mountain States Health Alliance  
Monette, J. Gerald, M.D., Medical Director, Behavioral Healthcare Center at Martin  
Musig, Marcia, TLC Engineers  
Nelley, Rachel C., Esq., Bone, McAllester, Norton, PLLC  
Painter, Stephanie, Clinical Director, Eye Surgery Center of Chattanooga  
Palmer, Eric Scott, M.D., Middle Tennessee Neonatology Association  
Parrish, Jeff, Tennessee Health Management  
Poling, Becki, Department of Mental Health and Developmental Disabilities  
Puri, Christopher, Esq., Boulton, Cummings, Conners & Berry  
Radevic, J. Keith, CEO, Radiology Alliance, P.C.  
Rice, Janice  
Richardson, Mike, Vice President, Planning & Business Development, Covenant Health Systems  
Rinehart, Jessica, Tennessee Health Management  
Rogers, Allison, Planning Manager, Mountain States Health Alliance  
Schaefer, Dan, COO, MedQuest  
Seyford, Linda RN, NICU Manager, Centennial Medical Center  
Sferrella, Sheila, M.D., Vice President Ambulatory Care, St. Thomas Health Services  
Smith, Matthew, CFO, Soteria Imaging Services, LLC  
Smith, Sandra, Centennial Medical Center  
Stralka, Susan, Administrator, Baptist Rehabilitation-Germantown  
Swift, Brenda, Vanderbilt University Medical Center  
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC  
Thomas, Gary, University Health System  
Trauger, Byron, Esq., Trauger & Tuke  
Waimer, Mark, AmSurg  
Wellborn, John, Consultant, Development Support Group  
Wilhoite, Scott L., M.D, Knoxville Consultants in Gastroenterology

Wilmore, Randy, Middle Tennessee Bone & Joint  
Wilson, Aisha, Centennial Medical Center  
Wilters, John H., M.D., OB Coverage, Inc.  
Witt, William, M.D.

**Chairman Koella called the meeting to order at 8:30 a.m. in Room 160, 1<sup>st</sup> Floor Conference Room, Davy Crockett Tower, Nashville, Tennessee.**

### **DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements.

### **CERTIFICATE OF NEED APPLICATIONS**

*Mark Farber summarized the following CON applications:*

#### **Next Generation Imaging, LLC - (Nashville, Davidson County) - Project No. CN0610-084**

The establishment of an outpatient diagnostic center (ODC), the acquisition of a stand up magnetic resonance imaging (MRI) unit, and the initiation of MRI services. Millennium MRI, LLC has applied for a Certificate of Need to share this scanner at this location. Project Cost \$1,977,027.00. **DEFERRED FROM THE JANUARY MEETING**

Rachel C. Nelley, Esq., representing the applicant, addressed the Agency. Dr. David McCord, M.D., spoke on behalf of the project. Janice Rice and Ruben Garcia, Jr., Ortho Tech/LPN, spoke in support and William Witt, M.D. was present.

Speaking in opposition was Jennifer Bundige, Esq. representing MedQuest. Present in opposition were: Jerry Taylor, Esq., representing Centennial Medical Center and Dan Schaefer, COO, MedQuest.

Keith Dennen, Esq., and Gary Albers, Vice President, Soteria Imaging Services provided rebuttal for the applicant

Ms. Bundige provided summation for the opposition.

Ms. Nelley provided summation for the applicant.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established based on patient population in this area and based on numbers that have been provided based on usage statistics of other MRIs; 2) Economic Feasibility – The project is economically feasible with commercial loan and facility lease; and 3) The project does contribute to the orderly development of adequate and effective health care by providing new technology into this part of Tennessee. **Condition: Services at the ODC are limited to Stand-Up or Upright MRI services, and no other imaging or diagnostic services are to be provided.** Ms. Weaver seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Lammert, Troy, Morris, Koella  
NAY: None

#### **Millennium MRI, LLC - (Nashville, Davidson County) - Project No. CN0610-085**

The establishment of an outpatient diagnostic center (ODC), the acquisition of a stand up magnetic resonance imaging (MRI) unit, and the initiation of MRI services limited to the practice of David McCord, M.D. Next Generation Imaging, LLC has applied for a Certificate of Need to share this scanner at this location. Project Cost \$665,530.00. **DEFERRED FROM THE JANUARY MEETING**

Rachel C. Nelley, Esq., representing the applicant, addressed the Agency. Present on behalf of the project were: Keith Dennen, Esq.; David McCord, M.D.; Gary Albers, Vice President, Soteria Imaging Services; and William Witt, M.D.

Jennifer Bundige, Esq., representing MedQuest spoke in opposition of the project. Present in opposition were: Jerry Taylor, Esq., representing Centennial Medical Center, and Dan Schaefer, COO, MedQuest.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established based on patient population in this area and based on numbers that have been provided based on usage statistics of other MRIs; 2) Economic Feasibility – The project is economically feasible with commercial loan and facility lease; and 3) The project does contribute to the orderly development of adequate and effective health care by providing new technology into this part of Tennessee. **Condition: Services at the ODC are limited to Stand-Up or Upright MRI services, and no other imaging or diagnostic services are to be provided.** Ms. Weaver seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Lammert, Troy, Morris, Koella  
NAY: None

### **Vanderbilt-Saint Thomas Imaging, GP (VSTI) - (Nashville, Davidson County) - Project No. CN0611-090**

The removal of the limitation on the existing outpatient diagnostic center CN0309-084A (TANI) that restricts a 3.0 Tesla magnetic resonance imaging (MRI) unit to only patients with neurological (brain & spine) disorders. Vanderbilt-Saint Thomas Imaging acquired TANI through a change of ownership. Project Cost \$13,000.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Jake Block, Associate Vice-Chair for Clinical Affairs, Vanderbilt Radiology & Radiological Sciences Department; Bryan Brand, President, VSTI and Vanderbilt Imaging Services; and Sheila Sferrella, M.D., Vice President Ambulatory Care, St. Thomas Health Services. Present in support of the project were: Jeff Landman, M.D., Chairman, Vanderbilt Imaging Services and J. Keith Radecic, CEO, Radiology Alliance, P.C.

Byron Trauger, Esq. representing NOL, LLC d/b/a Premier Radiology and Chad Calendine, Premier Radiology spoke in opposition.

Mr. Elrod rebutted.

Mr. Trauger provided summation for the opposition.

Mr. Elrod provided summation for the applicant.

Ms. Troy moved for approval of the project based on: 1) Need – The scanner is needed to provide other services to patients other than neurological (brain and spine) disorders; 2) Economic Feasibility – The project is economically feasible as the expense has already been borne; and 3) The project does contribute to the orderly development of adequate and effective health care. Ms. Weaver seconded the motion. The motion CARRIED [5-3-0]. **APPROVED**

AYE: Gaither, Weaver, Troy, Morris, Koella  
NAY: Jones, Handorf, Lammert

### **Fort Sanders Endoscopy Center - (Knoxville, Knox County) - Project No. CN0701-001**

The establishment of a specialty ambulatory surgery treatment center (ASTC) limited to gastroenterology in 5,610 square feet of leased space in an existing building. The project will include four (4) procedure rooms, pre-and post-op recovery spaces and other support areas. Project Cost \$2,859,328.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Jeffrey Brown, M.D., Knoxville Gastro Specialists and Mike Richardson, Vice President, Planning & Business Development, Covenant Health Systems spoke on behalf of the project. Present in support of the project from Covenant Health Systems were: Emlyn J.

HEALTH SERVICES AND DEVELOPMENT AGENCY

APRIL 25, 2007 MEETING

- PAGE 4 -

Cobble, Vice President; Chad Brown, Vice President, Operations; and Laurie Halsey, Project Manager, Planning & Business Development.

Dr. Handorf moved for approval of the project based on: 1) Need – There is an increase of need for these services by the population; 2) Economic Feasibility – The project is economically feasible through commercial loan and cash reserves; and 3) The project does contribute to the orderly development of adequate and effective health care as licenses are in place and they are excellent TennCare providers. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Lammert, Troy, Morris, Koella  
NAY: None

**Parkwest Endoscopy Center - (Knoxville, Knox County) - Project No. CN0701-002**

The establishment of a single specialty ambulatory surgery treatment center (ASTC) limited to gastroenterology in 9,850 square feet of leased space in an existing building. The project will include four (4) procedure rooms, pre-and post-op recovery spaces, and other support areas. Project Cost \$4,384,033.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency and Scott L. Wilhoite, M.D, Knoxville Consultants in Gastroenterology spoke on behalf of the project. Present in support from Covenant Health Systems were: Emlyn J. Cobble, Vice President; Chad Brown, Vice President, Operations; Laurie Halsey, Project Manager, Planning & Business Development; and Mike Richardson, Vice President, Planning & Business Development.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Jones seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Lammert, Troy, Morris, Koella  
NAY: None

**Eye Surgery Center of Chattanooga, LLC - (Chattanooga, Hamilton County) - Project No. CN0701-003**

The expansion and partial relocation of an existing ambulatory surgery treatment center (ASTC) from 1949 Gunbarrel Road, Suite 200, Chattanooga (Hamilton County), TN to 7298 Jarnigan Road, Chattanooga (Hamilton County), TN. The expansion will include two (2) new single-specialty operating rooms and one (1) procedure room limited to ophthalmic surgery at a site across the street from the current location. The applicant will maintain the current single-specialty operating room and procedure room at its current location. Project Cost \$2,398,484.00.

Byron Trauger, Esq., representing the applicant, addressed the Agency. John Bierly, M.D., spoke on behalf of the project. Present in support of the project were: Daryl F. Mann, O.D., Anne S. Arney, Esq., and Stephanie Painter, Clinical Director, Eye Surgery Center of Chattanooga.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is clearly established by the volume of patients seen in this facility; 2) Economic Feasibility – The project is economically feasible through commercial loan and real estate lease; and 3) The project does contribute to the orderly development of adequate and effective health care by making eye surgery available to the patients in this area. Mr. Lammert seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Lammert, Troy, Morris, Koella  
NAY: None

*Ms. Troy and Dr. Handorf recused.*

**Baptist Rehabilitation-Germantown - (Memphis, Shelby County) - Project No. CN0701-005**

The development and operation of an additional magnetic resonance imaging (MRI) outpatient facility to provide access to MRI services for its patients on a part-time basis at this location. Baptist Memorial Regional Rehabilitation Services, Inc., intends to enter into a lease agreement with OrthoMemphis, a Tennessee professional corporation that has filed a separate Certificate of Need allowing doctors to use the same equipment, space and staff to serve patients of Baptist Rehabilitation-Germantown on a part-time basis at separate times. Project Cost \$2,593,018.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Arthur Maples, Director of Strategic Analysis, Baptist Memorial Health Care Corporation, spoke on behalf of the project. Susan Stralka, Administrator, Baptist Rehabilitation-Germantown was present in support.

Mr. Jones moved for approval of the project based on: 1) Need – The need is outlined in the application; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Ms. Weaver seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Lammert, Morris, Koella  
NAY: None

*Ms. Troy and Dr. Handorf recused.*

**OrthoMemphis, P.C. - (Memphis, Shelby County) - Project No. CN0701-007**

The initiation of magnetic resonance imaging (MRI) services and the acquisition by lease of MRI equipment. OrthoMemphis will enter into a lease agreement with Baptist Memorial Rehabilitation Services, Inc. (BMRS), whereby OrthoMemphis will block lease MRI time, space and staff from BMRS in a MRI outpatient facility. A separate Certificate of Need has been filed by BMRS. The MRI service to be operated by OrthoMemphis pursuant to the lease agreement will be limited to OrthoMemphis patients. The MRI will be managed by BMRS. As a private physician practice, there is no health care institution licensure involved. Project Cost \$3,365,331.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency and Ken Beasley, CEO, spoke on behalf of the project. Randall Holcomb, M.D., Chairman/President was present in support of the project.

Mr. Jones moved for approval of the project based on: 1) Need – The need for the project is there; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. **CONDITION: The MRI service to be operated by OrthoMemphis pursuant to the lease agreement will be limited to OrthoMemphis patients.** Mr. Koella seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Lammert, Morris, Koella  
NAY: None

**Mid-Tennessee Bone & Joint, P.C. - (Columbia, Maury County) - Project No. CN0701-006**

The relocation of an in-house magnetic resonance imaging (MRI) service, and the replacement of an extremities only MRI unit with a full body 1.5 Tesla MRI unit. The MRI as well as the clinical offices will relocate from 1223½ Trotwood Avenue, Columbia (Maury County), TN to a site located at the west side of the 900 block of James Campbell Boulevard, between Hampshire Pike and Old Williamsport Boulevard, Columbia (Maury County), TN. As a private physician practice, there is no health care licensure involved. The only change in health care services is the change of the MRI scanning capability from extremities only to full body scanning. The MRI service will continue to be limited to the patients of Mid-Tennessee Bone & Joint. Project Cost \$2,326,455.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Present on behalf of the project were: Randy Wilmore, Randall L. Davidson, Jr., M.D., and Scott W. McCall, M.D.

Mr. Lammert moved for approval of the project based on: 1) Need – The provider has provided services for many years and the project will benefit the patients by not having to go to another location for their scans; 2) Economic Feasibility – The project is economically feasible through commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care for the Columbia area. Dr. Handorf seconded the motion. **Condition: Limited to the patients of Mid-Tennessee Bone & Joint, P.C.** The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Lammert, Troy, Morris, Koella  
NAY: None

**Behavioral Healthcare Center at Clarksville - (Clarksville, Montgomery County) - Project No. CN0701-008**

The establishment of a twenty-six (26) bed mental health hospital and the initiation of geriatric psychiatric services. Project Cost \$3,600,000.00.

Michael D. Brent, Esq., representing the applicant, addressed the Agency. Carrie Brawley, Administrator, Behavioral Healthcare Center at Martin and J. Gerald Monette, M.D., Medical Director, Behavioral Healthcare Center at Martin spoke on behalf of the project.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Dr. Handorf seconded the motion. The motion CARRIED [5-2-1]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Troy  
NAY: Lammert, Morris  
ABSTAINED: Koella

**Centennial Medical Center - (Nashville, Davidson County) - Project No. CN0701-009**

The renovation of neonatal care areas and construction of twenty (20) additional licensed neonatal intensive care unit (NICU) beds at the main campus. The project will increase the NICU beds from forty (40) to sixty (60) and the licensed hospital bed complement from 586 to 606. Project Cost \$9,916,181.00.

Jerry Taylor, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: M. Sami Ismail, M.D., Director of NICU, Middle Tennessee Neonatology Association; Joann Ettien, Administrator, Women's Hospital Centennial Medical Center; and John Wellborn, Consultant. Present in support of the project were: John H. Wilters, M.D., OB Coverage, Inc.; Salvatore J. Lombardi, M.D., Maternal Fetal Group; Nicole Herndon, Administrative Director, Women's Hospital, Centennial Medical Center; Diane George, M.D., Vice Chief, Women's Hospital at Centennial; Randle Forkum, Earl Swensson Architects; Linda Seyford, RN, NICU Manager, Centennial Medical Center; Aisha Wilson, Centennial Medical Center; Eric Scott Palmer, M.D., Middle Tennessee Neonatology Association; and Sandra Smith, Centennial Medical Center

Mr. Lammert moved for approval of the project based on: 1) Need – The need has been demonstrated for the additional NICU beds; 2) Economic Feasibility – The project is economically feasible through cash reserves of the parent corporation; and 3) The project does contribute to the orderly development of adequate and effective health care to provide additional capacity for these babies in the Middle Tennessee area. Mr. Jones seconded the motion. The motion CARRIED [5-3-0]. **APPROVED**

AYE: Jones, Weaver, Handorf, Lammert, Troy  
NAY: Gaither, Morris, Koella

**LifeScan Tennessee, LLC - (Gray, Washington County) - Project No. CN0701-010**

HEALTH SERVICES AND DEVELOPMENT AGENCY

APRIL 25, 2007 MEETING

- PAGE 7 -

The establishment of an outpatient diagnostic center (ODC) and the initiation of positron emission tomography (PET) services. Project Cost \$1,193,575.00.

Kim H. Looney, Esq., representing the applicant, addressed the Agency. Speaking in support of the project were: Matthew Smith, CFO, Soteria Imaging Services, LLC; David M. Eve, Vice President Technical Services, Soteria Imaging Services; Dr. Lance Klosterman, M.D., Radiologist, Mountain States Health Alliance; and Linda Frazier, Director of Radiology, Mountain States Health Alliance. Present in support were Allison Rogers, Planning Manager, Mountain States Health Alliance and Patti McNutt, Technical Manager, Mountain States Health Alliance.

Mr. Lammert moved for approval of the project based on: 1) Need – The project is needed; 2) Economic Feasibility – The project is economically feasible through combination of facility lease and cash reserves of the owner; and 3) The project does contribute to the orderly development of adequate and effective health care by efficiently reducing health care costs. Mr. Jones seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jones, Gaither, Weaver, Handorf, Lammert, Troy, Morris, Koella  
NAY: None

### **GENERAL COUNSEL'S REPORT**

Mr. Brogden provided a status of legislative bills and contested cases.

### **CURRENT REPORTS**

#### **Statistical Reports**

The reports were accepted into the record.

#### **Finance, Ways and Means Committee Reports**

The reports were accepted into the record.

#### **Minutes**

The minutes of the March 28, 2007, meeting was accepted by unanimous voice vote.

### **ADJOURNMENT**

There being no further business, the meeting adjourned.

---

Melanie M. Hill, Executive Director  
MMH/MAB